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BOOK REVIEWS.

Pure Economics. By PROFESSOR MAFFEO PANTALEONI. Translated by T. BOSTON BRUCE. London: Macmillan & Co., 1898. 8vo. pp. xiv + 315.

It is safe to assume that relatively few economists in England and America have read Professor Pantaleoni's manual in the original. The translation, always accurate and often brilliant, is therefore both a real contribution to the progress of the science and a noteworthy service to American and English economists. It is to be regretted that the translation was not made immediately upon the appearance of the first Italian edition in 1889. The book would then have established more easily in the English-speaking world the author's reputation for originality, or at least for independence and priority of statement, because in the meantime much has been published along the same line by other writers.

Making the above assumption, I deem it my duty to review, not the translation, but the book.

The manual is, to quote from the author's preface, "a succinct statement of the fundamental definitions, theorems, and classifications that constitute *economic science*, properly so called, or pure economics." It does not deal with practical problems.

The key to matter and method is found in the author's assumption of the point of view that all economic activities—productive, consumptive, distributive—are phenomena of value. The "hedonic postulate" that "men are actuated exclusively by the desire to realize the fullest possible satisfaction of their wants with the least possible individual sacrifice" is the basic principle which forms the one necessary premise in all economic reasoning. Other premises may be furnished by other sciences or by historic and statistical research, but they are not economic. The law of decreasing productivity, the Malthusian law of population are, therefore, not economic laws, but are simply taken by the economist from other sciences in order to reach, by connecting them with the hedonic principle, other economic theorems.

Logical consistency and unity mark both the general arrangement

of matter and the progress from one detail to another. "The theory of Utility" is treated in Part I, the "Theory of Value" in Part II, while Part III, entitled "Application of the General Theory of Value to Determinate Categories of Commodities," consists of a general discussion of the principles relating to money and to distribution. There is resemblance to Marshall's principles in its complete departure from the traditional order of treatment. It is the logical order for the new economics.

Professor Pantaleoni is, in this work, a comprehensive eclectic, and succeeds in finding essential unity between views of very different appearance. He reconciles the orthodox and the Austrian economists with brilliant ease :

Now the original and precise meaning of the term cost of production is *the sacrifice or pain submitted to in order to obtain a commodity*. The forms this sacrifice may assume are various ; *e.g.*, work in its narrower sense, vigilant attention, forethought, abstinence from some immediate enjoyment, etc.; but economically these forms are indifferent ; they may all be comprised under the generic conception of *labor*, or *cost*, or *pain*. According to this meaning of the term, the cost of production of a thing is primarily *only another term for its final degree of utility*.

Having established this coincidence he shows how the theorems relating to the final degree of utility are applicable to the cost of production, how it is a matter of indifference whether we explain value by cost of production or by utility, how the "new doctrines of the final degree of utility are a no less unexpected than crushing demonstration of the precision, elegance, and truth of all the theorems of the orthodox and classic economists."

He has wrought an effective mosaic out of his own work and that of Marshall, Jevons, Menger, Gossen, Dupuit, Cournot, Ricardo, and many others—candidly giving them credit and affixing to important laws or theorems the name of the economist primarily responsible. For example, he calls by the name of Gossen's theorem of the hedonic maximum, the proposition that, "a hedonic maximum is obtained by enjoying each pleasure in such measure, that its intensity at the moment when the period of fruition expires is equal to that of every other pleasure."

The work excels in lucidity of statement. It is everywhere simple, concise, and clear, and one rarely has to speculate as to the author's meaning.

He is a pronounced advocate of the mathematical method and everywhere resorts to diagrams and mathematical forms of statement. There is no doubt that he has gained much in conciseness by *thinking* in this manner. The non-mathematical chapters, however, are so admirably written, compact yet adequate, that one is allowed to doubt whether the work would not have gained by reliance, almost exclusively, on ordinary language in demonstration. However, the mathematics are not at all formidable and the non-mathematical reader need not be deterred from the enjoyment of reading the book.

One good result from the translation will be to impress upon the English-speaking economists the wealth of Italian economic literature. Professor Pantaleoni piously refers to the distinguished Italian writers—both early and recent—where occasion offers, and the reader gets the just impression that the economist should know Italian no less than French and German, if he aspires to mastery in the science. Among foreign economists the author makes more use of Marshall than of any other writer, but he shows himself familiar with the whole development of economic theory in England, Germany, France, and Italy.

A notable strength in the writer is his power of wide generalization. He sees the rent principle, for example, as a general law. He affirms the commensurability of pleasure and pain, of all men's wants whether embodied in material or immaterial goods. He finds the process of exchange is really as wide as all the processes of production. He detects the identity of the hedonic principle in psychical affairs with the principle of natural selection in the physical world.

It is a conspicuous merit of the book that the student is compelled to take these wide-reaching glimpses from time to time. No special concrete problem is allowed long to keep one's attention from the fundamental unity in all economic phenomena. The book will be an excellent guide for advanced students, furnishing suggestion for endless research and constructive reasoning, and affording also valuable drill in method. No more helpful exercise could be had than in the application of one of the author's carefully stated principles to the facts of some concrete practical problem—the test of the principle by the facts and the elucidation of the facts by the principle.

I cannot refrain from calling attention to two instances in which Professor Pantaleoni has clung with warm insistence to now antiquated views. He defines capital as consisting of the "direct commodities

which supply the immediate wants of men whilst they are engaged in the preparation of other commodities." An aggregate of direct commodities, he affirms, must always precede the existence of men. This is a contradiction of his previous statement, that to the existence of a *commodity* is essential "the existence of a concrete want, which implies the existence of an individual who feels it in a certain measure and at a given moment." This unprofitable discussion as to the priority of existence between egg and chick might be passed over. But certain fatal consequences follow the acceptance of the foregoing view of capital. "Instrumental commodities," he says, are not capital. Such are machines, ships, money, etc. They may under certain circumstances be turned into capital, *i. e.*, "direct commodities employed in the maintenance of workers," but they are not capital. It is surprising that a view of capital which belongs, if anywhere, only to a primitive society before the extensive use of tools, machines, and labor-saving instruments generally, should persist and be gravely defended in progressive scientific circles today. In fact, Professor Pantaleoni has no place for machines in his analysis. He provides for labor, the work of the entrepreneur, land, and capital in the sense of sustenance for workers. But, while he discusses certain aspects of instrumental commodities, of which he makes money the type, *par excellence*, because of its facility of *exchange*, he seems to have overlooked the importance of the part such commodities play in maximizing the product of a given amount of labor. While the general tendency in economic science is in the direction of making the machine the typical form of capital, he excludes it from capital entirely, listing it in a vague category of "instrumental commodities," which seem to have no other function than to be "exchanged" for direct commodities.

An attempt to keep life in the wages-fund theory is another unfortunate enterprise of the author. The foregoing view of capital involves the wages-fund fallacy necessarily. The fault in it is that it is a distortion of certain true principles, the dogmatic generalization of particular facts seen from a single point of view. It is not based upon fundamental general principles. It is the erection of an explanation of a certain set of concrete facts into a general scientific law. It unites the errors of the *à priori* and the historical methods. Adopted in Professor Pantaleoni's manual it is a serious blemish upon a brilliant and valuable work.

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